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Ontario Teachers' Pension Plan Board  
Conseil du régime de retraite des enseignantes et des enseignants

Issue 4  
Summer 1991

## Improving Our Service

Finding ways to improve our service to you and all members of the pension plan has been our major focus this year. Before we made any major changes, we investigated ways to provide more efficient, reliable service.

### Client Service

We adopted the client service concept as the guiding principle for our organization. Our number one priority is to satisfy the client.

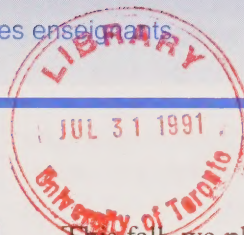
As a result, we reorganized the majority of our employees into a Client Services division. This division has assumed total responsibility for managing the entire relationship with our member and employer clients.

One way in which this new division will help strengthen our client relationship is by providing "one-to-one" service. All active members' accounts have been split between four member service teams based on their social insurance numbers. In the near future, pensioners will also be provided with this "one-to-one" service.

### Market Research

Earlier this year, we began conducting market research with the assistance of a consulting firm. Our research has focused on our relationship with active members and what they think about our service and communications.

In March, we randomly distributed a written survey to approximately 10,000 active members. In April and May, focus groups were conducted with teachers across Ontario. Presently, we are studying the results of the survey and findings from the focus groups. We will use the results and recommendations of the consulting firm to develop ways to improve our service in the future.



This fall, we plan to conduct similar research with pensioners. We will send a survey specifically designed for pensioners to a sample of you. We will also conduct focus groups to find out how we can improve our service and communications specifically to meet your needs.

These are some of the steps we have taken to improve our service to all members. Most of our planned internal and physical changes have been completed. Now that these changes have been made, we are putting all of our energy into providing better service.

Turn to page 5 to find out how we have improved our service.

## 1990 Annual Report To Members

For your reference, we have included a copy of the *1990 Annual Report to Members*. This report contains a summary of events which affected the pension board in 1990, as well as some financial highlights.

In addition, we have just released our 1990 annual report. If you would like to receive a copy of the financially-intensive annual report, please contact the Communications Department.

### New hours

8:00 a.m. to 5:30 p.m.  
Monday to Friday

### Single toll-free number

1-800-668-0105







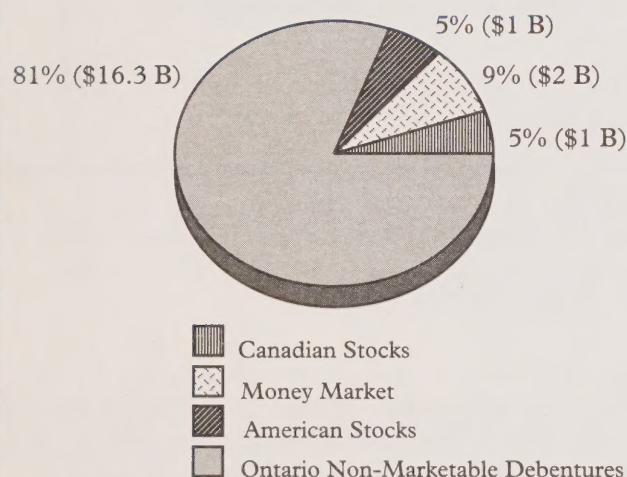
# Investing Your Pension Fund

We have begun to diversify the pension fund by investing in stocks and bonds. By diversifying, we will attain the desired overall long-term rate of return while reducing the risk involved in investing in any one particular market.

## Performance of the Fund

Our investment division recently presented its first-quarter report for 1991 detailing our open-market investments and other financial developments as of March 31, 1991. The chart below is the summary of these investments.

**Summary of Investments at March 31, 1991**  
(Market Value = \$21 B)



The market value of the fund on December 31, 1990 was \$20 billion. A major factor contributing to the increase to \$21 billion in the first quarter was the availability of new funds to invest. New funds came from our investment portfolio income, teacher and employer contributions, and special government payments.

The market value includes all gains, realized and unrealized. A realized gain is an asset that has been converted to cash and an unrealized gain is an asset not sold. Gains in the equity portfolio come from the increase in the value of stocks. The increase in the value of the debentures was caused by the decline in interest rates. The rate of return of the fund for the quarter was 6.7 per cent.

Our goal is to measure the long-term performance of the overall fund and not the short-term changes in individual portfolios. The minimum objective for the fund is a five-year return which exceeds the Consumer Price Index by 4.5 per cent.

## Measuring Performance

How can you judge the performance of the fund if you're not a financial expert? Understanding rates of return can be difficult. For instance, is a 3.2 per cent return on treasury bills for the quarter good or bad? As it will take some time to achieve our desired rate of return, we've developed some benchmarks to give us an idea of how well we're progressing. We have a different benchmark for each portfolio, as well as an overall benchmark which is weighted proportionately and varies according to the composition of our assets.

## Portfolio of Investments

We expect to reach a suitable portfolio balance between fixed income and equities within five years. Since diversification into equities is dependent on cash flow, it will take several years to achieve.

### Non-Marketable Debentures

The largest portion of our fund (81 per cent) is still invested in Ontario non-marketable debentures.

### Money Market and Bonds

The money market is our second largest investment area. The majority is invested in Canada bonds (50 per cent), with 25 per cent invested in treasury bills. The remaining 25 per cent consists of bankers' acceptances and provincial notes.

### Equities

Equities are investments in the stock markets. To diversify our portfolio, we will begin to buy stocks in companies located outside of North America. These companies offer long-term growth – our initial goal is to have up to 10 per cent of our assets invested outside of North America.

We will keep you informed of the performance of the fund and all investment developments.



# Your Guide To Survivor Pensions

## *Will my spouse get 50 per cent of my pension when I die?*

We often receive calls when a survivor receives their first payment from us and compares the amount to the amount the deceased was receiving. These survivors are disappointed to discover that their pension isn't half of the deceased's pension. In most of these cases, the deceased was under 65 and their teachers' pension still included the Canada Pension Plan (CPP) portion.

It is difficult to generalize survivor pensions because there are many variables affecting the amount your survivor will receive. Factors such as the age of your spouse and if you selected a higher survivor pension will affect the amount of your survivor's pension. For example, if you retired before September 1, 1984, your survivor will receive 50 per cent of your pension after the offset for CPP is included, plus escalation, due to the legislation in effect when you retired.

## CPP Integration

When CPP was introduced in the 60s, teachers decided to have it integrated with their pension plan rather than have separate pension contributions. As a result, when you turn 65, your teachers' pension is reduced by an amount similar to your CPP retirement pension.

The minimum 50-per-cent pension we provide to your survivor is based on your teachers' pension after the offset for CPP. The calculation is based on the reduced amount because your survivor will also receive a pension from CPP. Your survivor will receive at least 50 per cent of your teachers' pension after the offset for CPP.

For more information on CPP, please contact your local Health and Welfare Canada office.

## Escalation

Escalation is an important factor which will affect the amount of your survivor's pension. Each year, your pension is increased based on the Consumer Price Index – for 1991, the increase was 4.8 per cent.

The following example shows how escalation affects survivor pensions.

### John and Jane Smith

- John retired at 55 with an unreduced pension of \$29,500
- to provide a 60-per-cent survivor pension for Jane, his pension was reduced to \$28,934 (reduction of \$566)
- he died at 64 with a pension of approximately \$47,000 (including increases for inflation)
- Jane's 60-per-cent survivor pension would be based on the original amount (\$29,500) minus CPP (\$4,576), or \$24,924
- her survivor pension before escalation would be \$14,954 (\$24,924 x 60 per cent)
- add 10 years of compounded escalation (approximately \$9,000)
- her survivor pension would be approximately \$24,000

The actual survivor pension is based on the amount John received at retirement minus CPP. If he was under 65, the amount of Jane's survivor pension, even after the escalation is included, is less than 60 per cent of the pension he was receiving at the time of his death because it included CPP.

## What should my survivor do when I die?

Does your survivor know what to do when you die to receive their benefits? Your survivor should notify us of your death and provide us with your social insurance number. Once we are notified, we will send them all forms necessary to receive their survivor benefits.

*For those of you who have called or written us with questions concerning the 50-per-cent survivor pension rule, please remember that each calculation will differ based on your personal situation.*



## More On Teaching After Retirement

When you retired, many of you decided you never wanted to be near a classroom again. For those of you brave enough to return to teaching, you probably know by now that you can return for up to 95 days for three school years without contributing to the pension fund.

However, some of you have contacted us with questions about the application of the rules in certain circumstances.

### Do the new rules apply to disabled pensioners?

If you are receiving a full or partial disability pension, you are not allowed to return to teaching for any number of days. If you do, your pension will be stopped.

### Can I teach at a community college or university?

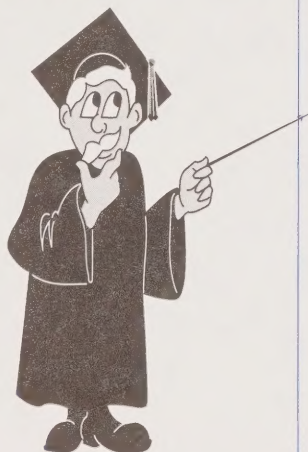
You may return to teaching at a College of Applied Arts and Technology (CAAT) or university for as long as you'd like. If you teach at one of these institutions, you are not affected by the re-employment rules.

### When will my pension stop?

If you teach more than 95 days, your pension will be suspended *the month following* the 96th day and will be reinstated *the month after* you stop teaching. If you stop teaching in the same month you exceed your limit, your pension will not be stopped. Please notify us in writing as soon as you reach the 96th day and when you stop teaching.

### What if my employer has mistakenly been making deductions during my supply teaching this year?

If you returned to supply teach in 1990-91 and have not exceeded the 95-day limit, please ask your employer to refund the 1991 contributions *directly to you*. Your employer should also identify you as a pensioner so that in the future, deductions will only be made if you exceed the limit.



## What should I do if I return to teaching?

Even though your decision to return to teaching is a personal one, it is one that affects employers and your pension plan. To help us properly administer your pension, please do the following when you return to teaching:

- ❖ Tell your employer you are receiving a teachers' pension. Many employers deduct contributions because they don't know you're on pension.
- ❖ Ask your employer not to deduct pension contributions unless you plan to resume your teaching career.
- ❖ Notify us in writing of your actual starting date when you return to teaching.
- ❖ Keep track of the number of days you teach each year.
- ❖ Notify your employer and us in writing as soon as you exceed the limits.

It is important to do all the above. If you receive pension payments you're not entitled to, you'll have to repay them, with interest, before your pension can start again.

### When will I receive my 1989/90 refund?

If you have not already received your refund, we will send payment, with interest, in July.

### How do I apply for a refund?

At the end of each school year (August), we send you an employment and salary statement form. It is important to report any number of days taught on the employment statement form. If you returned to teaching and contributed to the fund for less than a full school year, you may be eligible for a refund.

To apply for a refund, please complete both the employment and salary statement form, have them signed by your employer and send the completed forms to us.



## What's New?

### Expanded hours

We are now open from 8:00 a.m. to 5:30 p.m., Monday to Friday. You can call or visit us anytime during these hours.

### Single 1-800 number

We have replaced the four previous toll-free telephone numbers with one number. If you wish to reach us and must call long distance, dial 1-800-668-0105. If you live in Metropolitan Toronto, you can still reach us at 226-2700.

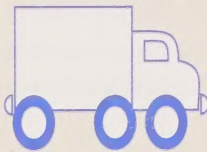


### Front-end telephone system

If you call us from a TouchTone telephone, you can now speak to someone directly if you know their extension number. When prompted by the recording, dial 1 plus the four-digit extension number and you will be connected directly to your contact person. If you don't have a TouchTone telephone, or don't know the extension number, simply hold the line and an operator will assist you.

### Pension administration moved

The employees who administer your pensions were previously located on two separate floors, the 3rd and 5th. All of these employees are now located on the 3rd floor.



### Main reception moved

We have moved our main reception area to the 3rd floor from the 4th floor. If you plan to come and visit us, please go directly to the 3rd floor. We are open until 5:30 p.m.

### More personal contact

We now include a name and extension number on all of our correspondence to you. This will make it easier for you to contact someone directly if you have any questions or requests.

## STO Coverage Increases

The Superannuated Teachers of Ontario (STO) have informed us of their rate increases for medical coverage effective September 1, 1991. If you receive medical coverage through STO, presently administered by Johnson Insurance, the following premiums will be deducted from your pension payments in August 1991.

<u>Plan</u>		<u>1991-92</u>	<u>1990-91</u>
Semi-private Hospital	Single	\$11.74	\$ 9.95
	Couple	23.45	19.87
	Family	27.60	23.43
Extended Health Care	Single	21.65	15.14
	Couple	33.23	23.24
	Family	44.59	31.18
Dental	Single	23.71	19.96
	Couple	46.75	39.36
	Family	58.30	49.09

### Why the increases?

The premium increase for the semi-private hospital plan will be the first since 1986-87. The daily maximum for semi-private room has been increased from \$55 to \$65.

Under the extended health care plan, the private room benefit has been removed. This benefit made up five per cent of the premium cost but was only used by one per cent of participants. Other factors contributing to the increase in the cost of the drug benefit include inflation, rising drug costs and recent announcements by the Ontario government of reductions in drugs to be paid for those over age 65. The effect of the GST and proposed reductions in out-of-country emergency medical coverage currently provided by OHIP have also affected the premiums necessary for the 1991-92 policy year.

The dental plan has been improved. Expenses will be reimbursed based on the 1991 Fee Guide of the Ontario Dental Association.

Further information detailing these changes and other developments will be sent to participants in August from STO. If you have any questions in the meantime, please contact Johnson Insurance at 1-800-461-4597 or locally at (416) 764-4884. You can reach STO at (416) 962-9463.







# You Asked Us

- Q. I retired in June 1987 and have been supply teaching since my retirement. When can I begin teaching for up to 95 days?

*C.R., Ottawa*

- A. In 1987, legislation allowed you to return to teaching for 20 days in a school year without affecting your pension. The first two school years in which you began supply teaching after your retirement were 1987/88 and 1988/89. New legislation allowing you to teach up to 95 days for three years without affecting your pension became effective in the 1989/90 school year.

Therefore, the first two school years after your retirement, you were only able to teach 20 days without affecting your pension. However, the next school year (1989/90), you were allowed to teach up to 95 days.

The 1989/90 school year would be considered the first of the three years you are allowed to teach up to 95 days. Even if you returned to teaching for only one day after January 1, 1990, it would still count as your first year of 95 days. Remember, the three years do not have to be consecutive.



## Planning to contact us?

Just a reminder:

If you write to us or leave a message on Phone-A-Memo, don't forget to include your social insurance number and return telephone number.

*Pension News* is a publication prepared by the Communications Department of the Ontario Teachers' Pension Plan Board. The information contained in this newsletter is provided for your convenience. For further reference, please consult the *Teachers' Pension Act, 1989*. If you have any comments, please leave a message on the Phone-A-Memo system or write to:

Communications Department  
Teachers' Pension Plan Board  
5650 Yonge Street, Suite 300  
North York, Ontario  
M2M 4H5

Si vous désirez recevoir la version française, veuillez nous écrire ou laissez un message à notre service de consultation téléphonique.

## CHANGING YOUR MAILING ADDRESS OR BANK ?

Use the accompanying form if you are moving or changing your bank or trust company. Please give us six-weeks' notice before you make any changes and, where possible, keep your old bank account open until we make the first deposit into your new account. Be sure to include a voided cheque from your new account.

Name

SIN



Mailing Address (if new)

Bank or Trust Company Name

Address

Bank or Trust Company No.

Transit No.

Account No.

Signature

Effective Date of Change



Please attach a voided cheque

